

1 handwritten notes, were made to this part that had to do with
2 the security sometime late in the process. So mid to late
3 August, early September 1991.

4 Q All right. Now, your portion of the note reads as
5 follows. "Borrower has outstanding vehicle and equipment
6 loans and leases. Allowance for continuation of existing
7 business practice or practices will be made in the loan
8 covenants. TV-40/LPTV interest or interests will not be
9 secured by this loan." Did I correctly read your, your
10 handwritten notation there?

11 A You did.

12 Q Now, as -- what, what caused you to write that note?
13 Was that a result of discussions with Greyhound?

14 A Yes.

15 Q And were the notations included in that note
16 conditions or, or criteria that had been expressed to you
17 would be included in the agreement by Greyhound?

18 A Well, I think these notes taken in context with the
19 rest of the proposal, I anticipated that these notes would be
20 incorporated in some format in the loan agreement.

21 Q All right. So, in other words then, I take it that
22 you anticipated that the TV-40/LPTV interests would not be
23 secured by the loan. Is that correct?

24 A Yes, I did.

25 Q Now, what did you mean by TV-40/LPTV interests?

1 A As I recall, I meant TV-40 and the five LPTV
2 construction permits.

3 Q And what did you mean by the phrase "will not be
4 secured by this loan"?

5 A It means that those assets of the company would not
6 collateralize the loan that was being offered.

7 Q They would not be offered as security for the loan?

8 A That's correct.

9 Q Okay. And what was the reason why those assets
10 would not be used as security for the loan?

11 A Because Raystay is primarily a cable operator and we
12 were refinancing an existing line of credit and securing
13 additional funds and they were all for the purpose of
14 expanding and developing our cable TV properties. That's our
15 major business.

16 Q So for that reason, Raystay did not want to include
17 TV-40 assets or the low-power permits as collateral for this
18 loan?

19 A No.

20 Q What I said was correct?

21 A What you said is not correct.

22 Q Oh, I'm sorry. Make it correct.

23 A Greyhound lends to the radio broadcasting, TV cable
24 operations, or they have a media group that lends to all those
25 cellular, whatever else. They, having had a number of

1 | experiences with other broadcast loans, didn't want to have
2 | encumbered the -- to have security -- based upon the TV-40
3 | operations which would -- deficits, but they wanted to have
4 | their loan secured by -- And they chose to limit their
5 | security to the material assets of the company, which were
6 | cable properties.

7 | Q I see. Okay. So that was a condition stated by, by
8 | Greyhound rather than by Raystay?

9 | A Yes.

10 | Q Now, with respect to Mr. Breyne's portion of the, of
11 | the note, "Nor will any of the proceeds of the GFC term loan
12 | or any of cash generated by the operation of the system be
13 | lent to or used by TV-40/LPTV." Have I read correctly his
14 | handwriting, as far as you understand it?

15 | A Yes.

16 | Q Now, what, what does the term "GFC term loan" mean
17 | in this context?

18 | A The outstanding commitment that was undertaken by
19 | this proposal, a \$10 million participation and a \$33 million
20 | -- \$33,100,000 senior loan.

21 | Q In other words, Greyhound was going to be putting up
22 | \$10 million, and that was what's called here the GFC term
23 | loan?

24 | A Yes. We're making that commitment.

25 | Q Yes.

1 A They're not going to put up all of it at the --

2 Q Okay. And in, in Mr. Breyne's note there is the
3 phrase "the system." What did you understand that phrase to
4 mean?

5 A The cable TV systems owned and operated by the
6 Raystay Company.

7 Q All right. And again, in Mr. Breyne's portion of
8 the note he has used the phrase "TV-40/LPTV." And did you
9 understand that to mean both TV-40 and the five low-power
10 construction permits?

11 A That's what I understood at this time, yes.

12 Q And you saw this note of Mr. Breyne's at around the
13 time frame you testified to, late August or maybe early
14 September 1992 -- 1991?

15 A Yes.

16 Q And, and you understood the, the restrictions stated
17 by Mr. Breyne's portion of the note would be restrictions that
18 Greyhound would want in the ultimate agreement?

19 A Yes.

20 Q Now, did, did these restrictions mean that funds,
21 funds to operate TV-40 and to build the low-power stations had
22 to come from -- either from TV-40 operations or from some
23 other financing source?

24 MR. SCHAUBLE: Objection to the form of the
25 question, to the term "restrictions." The witness -- I don't

1 object to the question, but I think what we're dealing with
2 here is, at the most, proposed.

3 JUDGE CHACHKIN: No, no, no. The witness has said
4 he understood that to be -- that would be the final agreement,
5 these terms would be included in the final agreement.
6 Objection is overruled.

7 MR. SANDIFER: Okay, could you please restate the
8 question then?

9 BY MR. EMMONS:

10 Q Yes. Did -- The question is did you understand the
11 restrictions expressed in this handwritten note to mean that
12 funds for the operation of TV-40 or for the development of the
13 low-power construction permits would have to come either from
14 TV-40 operations or from some financing source other than
15 Greyhound?

16 A Yes.

17 JUDGE CHACHKIN: That's a round-about way of saying
18 that you knew it wasn't going to come from Greyhound? You
19 couldn't use the cash generated from the loan in connection
20 with TV-40 or, or for LPTV?

21 MR. SANDIFER: At this -- At the time that I signed
22 this, that's correct.

23 JUDGE CHACHKIN: And it never changed, did it?

24 MR. SANDIFER: Oh, it did change.

25 JUDGE CHACHKIN: Oh. Well --

1 BY MR. EMMONS:

2 Q Mr. Sandifer, did, did Raystay receive a preliminary
3 commitment from Greyhound in 1991 to provide additional
4 financing to Raystay?

5 A Well, the negotiation and the execution of this
6 proposal letter was -- check, and from that they began their
7 due diligence. And from that, we received a preliminary --
8 And I would already say this is a -- Once we sent them the
9 check and we agreed to these terms, we had a preliminary
10 commitment.

11 Q And when did that happen?

12 A That happened in the end of August or the first part
13 of September of 1991.

14 Q Now --

15 JUDGE CHACHKIN: We'll take our luncheon recess at
16 this time, before we go any further, till 1:30.

17 (Whereupon, a lunch recess was taken from 12:29 p.m.
18 until 1:30 p.m.)

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1 A F T E R N O O N S E S S I O N

2 JUDGE CHACHKIN: Back on the record. Mr. Emmons.

3 BY MR. EMMONS:

4 Q Mr. Sandifer, if you have the TBF Exhibit 261 in
5 front of you again, page 2, I'd like to ask you one further
6 question on that. This is the, the note written by you, in
7 part, and by Mr. Breyne in part. Do you have that?

8 A Yes.

9 Q Did you inform George Gardner of the limitations
10 expressed in Mr. Breyne's portion of that note?

11 A I informed Mr. Gardner. I don't know when I
12 informed Mr. Gardner.

13 Q Well, did you inform him at or about the time this
14 was written, which you testified was late August or early
15 September 1991?

16 A I don't recall.

17 Q But you do have a recollection of informing
18 Mr. George Gardner of that limitation?

19 A I had discussed this area with Mr. Gardner. I --

20 Q Well, this was a fairly significant limitation,
21 wasn't it, on, on Raystay, that Raystay was not going to be
22 permitted to use terms of the G -- proceeds from the GFC loan
23 or cash generated by the cable system for use by TV-40 or the
24 low-power permits? Wasn't that a pretty significant
25 limitation?

1 A It's a limitation. I don't know if I'd call it a
2 significant limitation, but it's a limitation.

3 Q Well, was it not the case that up to this time the
4 operation of TV-40 had been substantially subsidized by the
5 cable system operations?

6 MR. SCHAUBLE: Objection. Relevance.

7 JUDGE CHACHKIN: Overruled.

8 MR. SANDIFER: Yes, it is true that prior to this
9 date that the TV-40 operations were subsidized by cash flow
10 from the cable systems.

11 BY MR. EMMONS:

12 Q And, and didn't the limitation expressed by Mr.
13 Breyne's portion of this note purport to prevent continued
14 subsidization of the TV-40 operation by the cable systems?

15 A Yes.

16 Q So is that not something quite significant that you
17 would have discussed or informed Mr. George Gardner of?

18 A Well, I think I, I mentioned that I discussed it
19 with Mr. Gardner. I just don't remember if it was at the time
20 that I signed this document.

21 Q Well, was it relatively contemporaneous to that
22 time? I'm not looking for an exact date.

23 A It may not have been until very late 1991 or very
24 early 1992 that I talked with Mr. Gardner of this.

25 Q But you're not sure?

1 A I'm not certain of the date.

2 Q Now, would you turn to TBF Exhibit 262, please? And
3 to orient you, this, as is reflected in the upper right-hand
4 portion of page 1 of the exhibit, is a draft dated January 13,
5 1992, of a loan and security agreement between Raystay and
6 Greyhound. And, of course, the exhibit contains redacted
7 portions of that draft. And my first question to you on this,
8 Mr. Sandifer, is did you receive a copy of this -- a draft of
9 this agreement on or about January 13, 1992?

10 A Yes.

11 Q Was this the first written draft presented to
12 Raystay by Greyhound of the, of the agreement in question?

13 A Yes.

14 Q Now, would you turn to page 6 of the exhibit? And,
15 and those are the page numbers that are in the lower right-
16 hand portion of each page, that are stamped on the page. Do
17 you have page --

18 A Yes, I do.

19 Q And do you see in the upper portion of the page what
20 appears to be a definition of the term "station"?

21 A Yes.

22 Q And that definition described Channel 40 in
23 Dillsburg, did it not?

24 A Yes, it did.

25 Q And is it correct that that definition did not

1 encompass the construction permits for any of the stations for
2 which Raystay held permits at that point?

3 A Yes, that's correct.

4 Q Now, in the lower part of the page, do you see the
5 definition of the word "systems"?

6 A Yes.

7 Q And is it correct that the, the items that are
8 described in that definition are cable television systems
9 operated by Raystay or owned by Raystay?

10 A Yes.

11 Q Now, if you'd turn to page 7 of the exhibit, you see
12 Section 2.7 entitled "Use of Proceeds."

13 A Yes.

14 Q And do you see that, as reflected by the
15 introductory paragraph of that section, that proceeds of the
16 loans were to be used by the borrower solely for certain
17 described purposes?

18 A Yes.

19 Q And is it correct that, as reflected in the rest of,
20 of that section, that the purposes for which the loans could
21 be used were either in connection with the operation of the
22 station or the systems and for capital expenditures?

23 A Yes.

24 Q And, and that did not include any use in connection
25 with development of construction permits for low-power

1 television stations, did it?

2 A No.

3 Q Okay. Now, would you turn to page 11 of the
4 exhibit, please? This is a section, Section 8.13 entitled
5 "Capital Expenditures." And would you look at that and tell
6 me whether or not that section permitted capital expenditures
7 to be made in connection with Raystay's low-power construction
8 permits?

9 A It does not.

10 Q And in the proviso clause toward the bottom of the
11 page, in the second line of that clause, do you see that the
12 word "not" in that line has been circled in pen?

13 A Yes.

14 Q And do you see that there appears to be a question
15 mark in handwriting at the right-hand margin at that, at that
16 point on the page?

17 A Yes.

18 Q Was that word "not" there apparently a typographical
19 error?

20 A Yes.

21 Q And is it your recollection that that word should
22 not have been in there at all?

23 A Yes.

24 Q So that with that understanding then that that
25 proviso would -- Was the meaning of that proviso that amounts

1 expended as capital expenditures were to be used in connection
2 with the system, that is, the cable systems, and not in
3 connection with the station, namely TV-40?

4 A Yes.

5 Q Now, would you turn to page 12 of the exhibit,
6 please, Section 8.15 entitled "Use of Cash"? And do you see
7 that that section includes certain limitations on the use of
8 the borrower's cash?

9 A Yes.

10 Q And is the term -- does the term "borrower" in that
11 paragraph refer to Raystay?

12 A Yes, it does.

13 Q And what does the term "cash" mean as used in, in
14 that paragraph?

15 MR. SCHAUBLE: Your Honor, does counsel object to --
16 There's a definition in this agreement of the term "cash".
17 Does counsel have any objection to --

18 MR. EMMONS: I, I do not have any objection to
19 inviting the witness's attention to the, the definition of the
20 term "cash".

21 BY MR. EMMONS:

22 Q And, Mr. Sandifer, if it would help you, if you'd
23 turn back to page 4 of the exhibit. There is a definition of
24 cash.

25 A Yes.

1 Q Now, turning back to page 12 and Section 8.15, was
2 it your understanding of the definition of cash that that
3 meant any, any cash available to the company in connection
4 with its business?

5 A Yes.

6 Q Now, to your understanding, was there anything in
7 that draft of Section 8.15 that permitted Raystay to use its
8 cash for the construction or operation of the new low-power
9 television stations?

10 MR. SCHAUBLE: Your Honor, I object. I think that's
11 a compound -- There's, there's two separate terms in here,
12 construction or operation.

13 JUDGE CHACHKIN: Well, I'll overrule.

14 MR. SANDIFER: Would you repeat the question,
15 please?

16 BY MR. EMMONS:

17 Q To your understanding, was there anything in Section
18 8.15 of this draft on, on page 12 of the exhibit that
19 permitted Raystay to use its cash for the construction or
20 operation of, of new low-power television stations?

21 A Not without Greyhound's consent.

22 Q Well, where in Section 8.15 does it say anything
23 about Greyhound giving its consent?

24 A It doesn't say it at that point.

25 Q Well, where does it say it?

1 A I don't --

2 Q Is there some other point in the agreement where it
3 says that?

4 A There's not any place that's extracted on these
5 pages that it's stated.

6 Q Well, are you, are you saying that there is some
7 portion of this agreement that, that we don't have here that,
8 that provides some qualification that would permit Raystay to
9 use cash for construction or operation of its new low-power
10 stations with the consent of the -- of Greyhound?

11 A To my knowledge, there's not a specific exclusion
12 that deals with the low-power construction permits, but there
13 is terms that allow for waivers or exceptions to these
14 covenants to be granted upon request by -- of Greyhound by
15 Raystay.

16 MR. EMMONS: Your Honor, we've not been, to my
17 knowledge, provided with any such portion of the documents,
18 and so the witness apparently is testifying about the content
19 of a document that has not been produced to us. And if, if
20 that testimony --

21 JUDGE CHACHKIN: Is there any in the final agreement
22 of that nature?

23 MR. EMMONS: No, Your Honor, not that, not that was
24 produced to us. The final agreement -- The portions of the
25 final agreement that we provided as exhibits here are, are

1 retracted portions of everything that we were provided, and
2 I'm not aware of any, any portion of documents that we were
3 given that contains any provision like that that the witness
4 has described.

5 JUDGE CHACHKIN: I seem to recall that an argument
6 was made that there was such a provision in the agreements,
7 argument made by counsel. Now, Counsel, are you aware of such
8 a provision whereby Greyhound could waive the use of cash?

9 MR. SCHAUBLE: I'm not aware of a specific provision
10 in the document relating to that.

11 JUDGE CHACHKIN: Not just cash, but, I mean, a
12 waiver, a general waiver of any nature. Are you aware of any
13 such a provision which the witness has just mentioned?

14 MR. SCHAUBLE: I'm not aware of anything in the
15 document relating to waivers of the agreement. I would
16 respectfully submit that -- I mean --

17 JUDGE CHACHKIN: Well --

18 MR. SCHAUBLE: There are general principles --

19 JUDGE CHACHKIN: Do you have, do you have the
20 agreements?

21 MR. EMMONS: Could we have an off --

22 JUDGE CHACHKIN: Yes, we'll go off the record.

23 (Off the record. Back on the record.)

24 BY MR. EMMONS:

25 Q Mr. Sandifer, were the restrictions that we have

1 | been looking at in the January 13, 1992, draft, as expressed
2 | in Section 2.7 on page 7 and Section 8.13 on page 11 and in
3 | Section 8.15 on page 12, were those restrictions consistent
4 | with the note that's written as page 2 of TBF Exhibit 261, Mr.
5 | Breyne's portion of that note?

6 | MR. SCHAUBLE: Your Honor, objection. I think we're
7 | talking with a fairly detailed document here, and whether this
8 | is an instance with, with the document --

9 | JUDGE CHACHKIN: The witness can answer if he
10 | understands the question and feels qualified to answer it.

11 | MR. SANDIFER: It would appear from review of the
12 | documents that a portion of the documents in connection here
13 | with this draft of the document is consistent with the letter
14 | that was extracted.

15 | JUDGE CHACHKIN: I thought the, the excerpt
16 | precluded also use of funds in connection with TV-40. Hasn't
17 | that been modified by this agreement?

18 | MR. SANDIFER: Yes, it has.

19 | JUDGE CHACHKIN: So to that extent, it isn't the
20 | system. It's, it's been changed. I mean, it's still -- it's
21 | consistent insofar as the use of funds in connection with the
22 | CP's, low-power CP's, but apparently, according to the
23 | testimony, it has been changed. You can use funds in
24 | connection with the TV-40. Isn't that right, Mr. Emmons?
25 | Isn't that --

1 MR. EMMONS: Yes. I believe that's the case, Your
2 Honor, yes. I think that that does permit use of funds for
3 TV-40.

4 JUDGE CHACHKIN: So it's different in that respect
5 from --

6 MR. EMMONS: Yes. Well, I simply asked the witness
7 --

8 JUDGE CHACHKIN: Well, all right. Well, I think the
9 witness --

10 MR. EMMONS: I think your point is well taken, Your
11 Honor.

12 BY MR. EMMONS:

13 Q Let, let me, let me break the question down then to
14 be sure we're clear, Mr. Sandifer, on the record. To your
15 understanding, were the restrictions contained in the January
16 1992 draft of the agreement consistent with the restrictions
17 on use -- the restrictions expressed in Mr. Breyne's note
18 insofar as those restrictions related to the low-power
19 television construction permits?

20 A Yes.

21 Q Now, did -- Do you know whether George Gardner
22 reviewed the January 1992 draft, which is TBF Exhibit 262?

23 A He did not.

24 Q Did you discuss with George Gardner the restrictions
25 contained in the January 1992 draft insofar as they pertained

1 to the low-power television construction permits?

2 A I have discussed these restrictions with him, but I
3 don't remember if it was at the time that I -- that the draft
4 was prepared.

5 Q Now, would you turn to TBF Exhibit 263, please? And
6 this, as you'll see from the upper right-hand corner of page 1
7 of the exhibit, is a draft dated June 10, 1992, of the
8 agreement in question. Do you have that before you?

9 A Yes, I do.

10 Q Did you receive a copy of this draft on or about
11 June 10, 1992?

12 A Yes.

13 Q And would you turn to page 8 of the exhibit, please?
14 This is Section 2.7, entitled "Use of Proceeds". And in
15 looking at that Section 2.7, do you agree that this, this
16 draft carries forward the same restrictions as expressed in
17 the corresponding section from the January 1992 draft?

18 A No.

19 Q In, in what respect do you believe that these
20 restrictions are different from the January 1992 draft?

21 A The underlined portions of that refer to a permitted
22 amount that were allowed for TV-40.

23 Q Okay. And so Section 2.7 in the June 1992 draft
24 permitted the use of the loan in connection with operation of
25 TV-40 and the cable systems. Is that correct?

1 A TV-40 to the extent -- Your Honor --

2 Q Okay. And in subparagraph B, it permitted capital
3 expenditures in connection with the operation of TV-40 to the
4 extent permitted and the cable systems, correct?

5 A Yes.

6 Q And then the last line says, "And for no other
7 purpose whatsoever," correct?

8 A Correct.

9 Q And so was it still the case that this draft of
10 Section 2.7 precluded use of the proceeds of the loans to be
11 used in connection with the low-power construction permits?

12 A Yes.

13 Q And if you turn to the previous page, 7, you see
14 that in this draft now the, the term "TV-40" has come to be
15 used rather than the term "station." And do you see on page 7
16 that the definition of TV-40 is the same definition as had
17 been given in the earlier draft under the term "station"?

18 A Yes.

19 Q Now, would you turn to pages -- page 12 of TBF
20 Exhibit 263? The bottom of the page is Section 8.13, Capital
21 Expenditures, which carries over to page 14 -- I'm sorry, to
22 page 13 of the exhibit. Do you have that?

23 A Yes.

24 Q And do you agree that, that this Section 8.13
25 continued to prohibit Raystay from making capital expenditures

1 for the purpose of developing the low-power television
2 construction permits?

3 A Yes.

4 Q And would you turn back to page 10 of, of TBF
5 Exhibit 263? And there is a Section 8.7 entitled "Changes in
6 Business". Do you have that?

7 A Yes, I do.

8 Q And do you agree that that section prohibited
9 Raystay from selling any of its assets except for assets
10 constituting TV-40?

11 A No.

12 Q All right. In what respect do you disagree with the
13 statement as I stated it?

14 A Well, the last half of that paragraph says, "Except
15 in the ordinary course of business and for fair consideration
16 for disposing the shares of stock or any indebtedness for the
17 now-owned or hereafter-acquired -- otherwise disposed of
18 accounts receivable."

19 Q All right.

20 A So I take that to mean in the normal course of
21 business for fair consideration that you can make those sell
22 commands or leases, assignments if they do not make a material
23 change in the business.

24 Q All right. But do you agree that an exception to
25 that rule was made by the parenthetical clause that is

1 underlined relating to the assets of TV-40?

2 A Yes.

3 Q So that TV-40 could be disposed of, even if not in
4 the ordinary course of business?

5 A Yes.

6 Q Now, would you turn back to TBF Exhibit 262, please,
7 which is the January 1992 draft, page, page 9 of the exhibit?
8 And do you see that that likewise is a Section 8.7 entitled
9 "Changes in Business," and do you see that in that earlier
10 draft, that is, the January 1992 draft, there was no language
11 excepting TV-40 from the general rule? Do you see that?

12 A Yes.

13 Q So that exception was added to the June draft. Is
14 that correct?

15 A Yes, that's correct.

16 Q Now, can you tell us why that was added?

17 A After the financing proposal that's mentioned in
18 Exhibit 261, Greyhound did their due diligence investigation
19 on site, review of the company. And through that process to
20 the point of the loan committee approval of the financing
21 proposal, there was an exclusion, a dollar amount exclusion
22 established for the operation and the capital needs of TV-40.

23 Q I'm, I'm not sure I follow you. What I -- As I read
24 page 10 of TBF Exhibit 263, the language that has been added
25 relating to the assets of TV-40 would have the effect of

1 committing Raystay to sell TV-40 even if that were not in the
2 ordinary course of business. And that language had not been
3 included in the corresponding section of the January draft.
4 And my question was as to, as to why this exception has now
5 been included in the June draft when it was not included in
6 the January draft?

7 A I misunderstood your question.

8 Q That's okay. I'm sorry.

9 A I don't remember the nature of the changes between
10 the two drafts, other than this exclusion as in keeping with
11 the set-aside for amounts that could be spent on TV-40.

12 Q Did -- During the course of your negotiations with
13 Greyhound, did you ever tell Greyhound that you were trying to
14 -- that Raystay was trying to sell TV-40?

15 MR. SCHAUBLE: Objection. Relevance at this point,
16 Your Honor. We're not dealing with the construction permits,
17 we're dealing with TV-40.

18 MR. EMMONS: Well, Your Honor, I think we crossed
19 that bridge long ago. It's all a part of a package and
20 network concept.

21 JUDGE CHACHKIN: Well, if you want to ask him a
22 question, was there a discussion, did they discuss selling
23 TV-40 together with the CP's, I'll permit it. But not TV-40
24 alone since that would not be part of a package.

25 MR. EMMONS: Well, Your Honor, it would be -- We

1 would argue that if there were efforts to sell TV-40 and if
2 there were a sale of TV-40, that would, that would signal the
3 complete abandonment of any intention to develop the
4 construction permits, because the, the whole concept was tied
5 together and everything was tied to TV-40.

6 MR. SCHAUBLE: Your Honor, if you'll notice here in
7 this, in this provision we're talking about here, there's no,
8 there's no mention of the construction permits. And TV-40 is
9 a specifically defined term which is limited just to W-40-AF.

10 MR. EMMONS: Oh, that doesn't affect the point I
11 made, I don't think, Your Honor.

12 MR. SCHAUBLE: I think it does, Your Honor. The
13 issue here is the intention of the construction permits.

14 MR. EMMONS: Your Honor, I think that a finder of
15 fact in this case would reasonably infer from any effort to
16 sell TV-40 that there was not an intent to go forward and
17 build and construct and operate the new low-power systems.
18 TV-40 was the heart and soul of the system, Your Honor.

19 JUDGE CHACHKIN: Well, whatever is in the agreement
20 is in the agreement, and what's, what's
21 the --

22 MR. EMMONS: Well, my question went to --

23 JUDGE CHACHKIN: -- about discussions?

24 MR. EMMONS: Well, discussions, though, Your Honor,
25 would, would reflect or could reflect whether or not there was

1 an intent by Raystay to sell TV-40.

2 MR. SCHAUBLE: Your Honor, again I think, I think
3 we're getting away from the issue here. We're getting --

4 JUDGE CHACHKIN: Well, the agreement permits the
5 sale of TV-40. We've established that.

6 MR. EMMONS: I understand that. I mean --

7 JUDGE CHACHKIN: What difference does it make
8 whether there were discussions leading up to it? The
9 agreement does permit the sale of TV-40. Now, if you want to
10 argue that this means therefore they abandoned their, their
11 intent to construct the low-power, you can I guess. I don't
12 know what difference a discussion would make. The agreement
13 itself sets forth that provision.

14 BY MR. EMMONS:

15 Q Mr. Sandifer, was there ever in the course of your
16 negotiations with Greyhound any discussion of a disposition by
17 Raystay of the low-power television construction permits?

18 A No.

19 Q There was not? Did, did you ever inform Greyhound
20 in, in the course of these negotiations that you were selling
21 or had sold the Red Lion construction permit?

22 A I don't recall.

23 Q Did Greyhound ever express any view to you in
24 negotiations as to what Raystay should do or should not do
25 with the low-power construction permits?

1 A The extent of our negotiations had to do with the
2 operation of TV-40, because that was what the -- that was an
3 operational part of the business. It was producing operating
4 deficits. So the insignificant sales price, I guess, that had
5 to do with the construction permits, transferring them to
6 recover our costs, doesn't -- it's not a part of the
7 negotiations.

8 Q Well, did you ever express to Greyhound during the
9 course of the negotiations that Raystay would be or might be
10 expending money to, to build these new low-power stations for
11 which it held permits?

12 A Any discussions that I had with them were related to
13 the fact that Raystay could not do such with their loan
14 proceeds as the agreement was constructed, as the agreement
15 was prepared.

16 Q So are you saying that there was -- that the low-
17 power permits were a subject of discussion in your
18 negotiations?

19 A There are extensive exhibits to these loan
20 agreements which one of them is a list of FCC licenses that
21 Raystay holds. And on that list is construction permits that
22 the company holds. But was there any big discussion regarding
23 the construction permits with Greyhound, as I said earlier,
24 almost all of our discussions had to do with TV-40's
25 operations and Greyhound's concern about the operating